

## **FISCAL NOTE**

### **SB 3614 – HB 3928**

March 19, 2006

**SUMMARY OF BILL:** Authorizes the Department of Education to create a volunteer literacy grant program and to determine the process for application, eligibility, and award of the grants. Requires that such grants be funded from private donations with credit given against the sum total of the taxes imposed by the franchise tax law for the aggregate amount plus five percent of any donation.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$154,000**

**Decrease State Revenues – Exceeds \$100,000**

##### Assumptions:

- The cost to the Department of Education for one additional staff position of \$54,000 to establish, award and evaluate the new grant program.
- A one-time software modification cost of \$100,000 to the Department of Revenue.
- The bill would provide a franchise tax credit for any donation made to an appropriate literacy organization. The amount of the tax credit would be the actual amount of the donation plus 5%. This would result in a decline in the franchise tax collection by some amount depending on the number of businesses subject to the tax that choose to make such a donation and the total amount of donations.
- According to the IRS data, there are at least 15 registered nonprofit organizations dedicated to remedial reading and reading encouragement programs in Tennessee. Of this total six filed annual tax exempt forms with the IRS. The total receipts associated with these six entities equaled approximately \$1,000,000.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director